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LOS ANGELES SUPERIOR COURT

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

PEOPLE OF THE STATE OF CALIFORNIA, ex)
rel. Edwin F. Lowry, Director, California)
Department of Toxic Substances Control and City)
of Santa Fe Springs,)

No. BC 230158

JUDGMENT PURSUANT TO
STIPULATION

Plaintiffs,
v.

CENCO REFINING COMPANY, a Delaware)
Corporation, POWERINE OIL COMPANY, a)
California Corporation and Does 1-10,)

Defendants,

Plaintiff, People of the State of California, ex rel. Edwin Lowry, Director, Department of Toxic Substances Control ("the Department" or "the Department"), and Defendants CENCO Refining Company ("CENCO") and Powerine Oil Company ("Powerine") (collectively "Defendants") having presented and filed with the Court a written Stipulation for Entry of Final Judgment (the "Stipulation"), and good cause appearing for approval of said Stipulation,

IT IS HEREBY ORDERED that judgment is awarded in favor of Plaintiff and against Defendants on the portions of the first and second causes of action identified in sections 12.1.1 and 12.1.2 of the Stipulation and for civil penalties and enforcement-related costs in the amount of \$1,000,000. A copy of the Stipulation, without attachments, is attached to this

adgment and is incorporated by reference.

IT IS FURTHER ORDERED that Defendants shall make payment of the civil penalties and costs as described in sections 5 and 6 of the Stipulation.

IT IS FURTHER ORDERED that

the Third Cause of Action against Defendants CENCO and Powerine is dismissed with prejudice;

the First Cause of Action against Defendant Powerine is dismissed without prejudice, except as it applies to tanks 10006, 27105, 1002, 2030, 3012, and 3072 at the Lakeland Road Refinery; and

the Second Cause of Action against Defendant CENCO is dismissed without prejudice, except as it applies to tanks 10006, 27105, 5516, 96109, 96110, 1002, 2030, 3012, and 3072 at the Lakeland Road Refinery.

IT IS FURTHER ORDERED THAT

1. Subject to Section 10 of the Stipulation, Defendants shall do all of the following. The work described in this section shall be known as the "Tank Closure."

1.1. Defendants shall empty and clean Tanks 10006, 27105, 5516, 96109 and 96110 at the Lakeland Road Refinery. Defendants shall clean the tanks in the order listed unless Defendants receive permission in writing from the Department to proceed in a different order. Defendants and their agents shall comply with the requirements of section 1.7 of this Order.

1.2. Defendants shall retain one or more engineering or tank cleaning firms to do the Tank Closure, which firm(s) shall have appropriate certifications, qualifications, experience and indemnity and liability insurance. The costs, charges and expenses of the Tank Cleaning firms and their subcontractors, including any costs associated with sampling, analysis or performance of pilot tests in conjunction with the Tank Closure, shall be known as "Third Party Tank Closure Costs." Third Party Tank Closure Costs are subject to the restriction of the following paragraph.

1.3. Third Party Tank Closure Costs shall not include any money paid, or to be paid, to CENCO or Powerine employees or any other internal costs or expenses incurred by CENCO or Powerine in conjunction with the Tank Closure Project. Nothing herein shall prevent qualified CENCO employees from performing any part of the Tank Closure work.

1.4. Unless, pursuant to section 10.3 of the Stipulation, Defendants receive authorization to halt Tank Closure, Defendants shall send out requests for proposals for the Tank Closure Project no later than thirty-one (31) days after the Effective Date of this Stipulation. Defendants shall begin actual field work no later than 91 days after the Effective Date of this Stipulation.

1.5. Unless, pursuant to section 10.3 of the Stipulation, Defendants receive authorization to halt Tank Closure, within sixty days of the Effective Date, Defendants shall submit a workplan, including a worker health and safety plan and schedule describing how they will conduct the work required by this section.

1.6. Unless, pursuant to section 10.3 of the Stipulation, Defendants receive authorization to halt Tank Closure, Defendants shall complete the work required by section 1.1 of this Order no later than December 31, 2002.

1.7. Defendants and their agents shall complete the Tank Closure, and all work conducted pursuant to this Stipulation, in accordance with the HWCL and all applicable local, state and federal laws.

1.7.1. Defendants may discharge water contained in Tanks 10006 and 27105 to the Lakeland Road Refinery's wastewater treatment system provided such discharge is in accordance with the terms of CENCO's industrial discharge permit issued by the Los Angeles County Sanitation District. Defendants may temporarily place all free oil removed from the Tanks 10006 and 27105 in Tank 20014. Upon completion of the Tank Closure, Defendants shall send that oil off-site for recycling or disposal at an

1 authorized facility. Defendants and the Department shall presume that
2 all solids removed from Tanks 27105 and 10006 are characteristic
3 hazardous wastes. However, if Defendants demonstrate through
4 sampling and analysis, to the satisfaction of the Department, that the
5 solids do not exhibit any characteristic of hazardous waste, and the
6 Department provides Defendants with a written statement to that effect,
7 Defendants and their agents may manage those solids as non-hazardous
8 waste. The sampling and analysis shall be conducted in accordance with
9 California Code of Regulations, title 22, Division 4.5, Chapter 11,
10 Article 3, including the standards of the then-current version of the
11 United States Environmental Protection Agency publication "Test
12 Methods for Evaluating Solid Waste, Physical/Chemical Methods,"
13 SW-846. Defendants shall not commingle solids from Tanks 27105 or
14 10006 with any listed hazardous wastes.

15 1.7.2. Defendants and their agents shall manage all sludge and solids removed
16 from tanks 96109 and 96110 as RCRA hazardous waste K169.

17 1.7.3. Defendants and their agents shall manage all materials removed from
18 tank 5516 as RCRA hazardous waste K170.

19 1.7.4. If Defendants or their agents dismantle any of the tanks identified in
20 sections 1.1 or 1.8 of this Order they shall do so in accordance with
21 the standards and procedures of California Code of Regulations, title
22 22, section 67383.3, subsections (b) through (f).

23 1.7.5. Defendants and their agents shall take all appropriate precautions to
24 minimize odors during the removal process.

25 1.8. Defendants shall also clean Tanks 1002, 2030, 3012, and 3072, and shall
26 complete the work required by this section no later December 31, 2002. Residues
27 from the spent caustic tanks (Tanks 1002 and 2030) may be washed to the
28 refinery's wastewater treatment system. Solids from the recovered oil tanks

(Tanks 3012 and 3072) shall be managed in the same manner as the solids from Tanks 10006 and 27105.

1.9. Beginning in the first month following the Effective Date and continuing until Defendants receive the certification and release specified in section 1.10 of this Order, Defendants shall submit monthly progress reports to the Department describing their progress with the Tank Closure project. The report shall be due on the 15th day of each month and shall describe the activities completed during the prior month.

1.10. Upon notification from Defendants that Tank Closure is complete, the Department will inspect or otherwise evaluate the Tanks. If the Department determines that Defendants have completed the Tank Closure, the Department will send Defendants a written certification and release to that effect. The Department will not unreasonably withhold the written certification and release. Defendants' obligation to complete the tank closure shall terminate upon issuance of the certification and release.

2. Within 10 business days following the Effective Date, CENCO shall deposit no less than \$1,490,000 into an interest-bearing trust account, to be known herein the Lakeland Road Tank Closure Account. The sole and governing purpose of the Lakeland Road Tank Closure Account and the funds contained therein shall be to pay the Third Party Tank Closure Costs described in section 7.2 of the Stipulation and to pay the Department's oversight costs.

2.1. Money in the Lakeland Road Tank Closure Account may be expended only as follows.

2.1.1. Funds in the Lakeland Road Tank Closure Account shall be used to pay only Third Party Tank Closure Costs, as defined in section 1.2 of this Order and Department oversight costs.

2.1.2. If, at any point, it appears that Defendants shall expend more emptying and cleaning an individual tank than the amount specified in

Attachment B of the Stipulation for that tank, Defendants shall so inform the Department in the next monthly progress report required by section 7.9 of the Stipulation.

IT IS FURTHER ORDERED that within 15 days after the Effective Date, Powerine shall assign the Department its judgment lien on the Bloomfield property to cover potential deficiencies in the amount of funding available for Tank Closure.

IT IS FURTHER ORDERED that, except with respect to extensions of time granted by the Department pursuant to section 21 of the Stipulation, the terms of this order may be modified only by order of this Court.

Except with respect to Defendants' obligation to reimburse the Department for \$100,000 of its enforcement-related costs, each party shall bear its own costs leading to the entry of this Judgment

DATED: 5-20-2002


The Honorable Daniel Solis Pratt
JUDGE OF THE SUPERIOR COURT

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